

February 16, 2011

Los Angeles County  
Board of Supervisors

Gloria Molina  
First District

Mark Ridley-Thomas  
Second District

Zev Yaroslavsky  
Third District

Don Knabe  
Fourth District

Michael D. Antonovich  
Fifth District

Mitchell H. Katz, M.D.  
Director

John F. Schunhoff, Ph.D.  
Chief Deputy Director

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

Tel: (213) 240-8101  
Fax: (213) 481-0503

[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

*To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.*



[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

TO: Each Supervisor

FROM:  Mitchell H. Katz, M.D.,  
Director

SUBJECT: **STATUS REPORT OF FQHC DESIGNATION FOR DHS  
HOSPITAL-BASED AND NON-HOSPITAL BASED  
CLINICS**

On February 1, 2011, Supervisor Antonovich directed the Department of Health Services (DHS) to provide an update in two weeks on the status of the Department's efforts to obtain Federally Qualified Health Center (FQHC), or FQHC look alike, status for our hospital-based and non-hospital based clinics. This report is in response to that request.

In order to assure that we have the best possible structure and application, the Department has asked County Counsel to engage an outside law firm which has extensive experience with FQHC rules and regulations and has assisted other public systems to obtain FQHC status. Possible conflicts with other area FQHCs have been cleared and we expect the contract to be executed shortly.

We propose to pursue FQHC designation in two phases. The first phase will concentrate on obtaining FQHC look alike status for the Department's non-hospital based clinics, including the Comprehensive Health Centers, Health Centers, and Multi-Service Ambulatory Care Centers (MACCs). Identified issues related to these facilities include the number of sites that should be included in a single FQHC application, and how to integrate the FQHC governance requirements into DHS' ambulatory care program. The second phase will focus on obtaining FQHC status for our hospital-based outpatient clinics, if possible. The second phase is anticipated to be more difficult than the first because certain Medicare rules generally preclude hospital-based FQHCs.

The potential benefits of FQHC designation include a federal requirement that health plans in the region enter into contracts with FQHCs and pay close to full cost reimbursement for care to Medicaid beneficiaries. Further, federal health care reform provides additional funds to expand the operational capacity of FQHCs and expand and improve their infrastructure.

We will keep your Board informed of our progress in this effort. If you need additional information, please let me know.

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors